

ORDER NO. 1760

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Robert G. Taub, Vice Chairman;  
Mark Acton;  
Tony Hammond; and  
Nanci E. Langley

Priorities for Future Data Collection  
And Analytical Work Relating to  
Periodic Reporting

Docket No. RM2011-3

ORDER SCHEDULING THIRD TECHNICAL CONFERENCE

(Issued June 25, 2013)

This docket is designed to identify priorities to guide the Postal Service in pursuing studies and data collection efforts that will improve the accuracy of the Postal Service's cost, volume, and revenue estimates that are used in its periodic reporting. It provides a framework in which priorities can be selected in a cooperative way, with the input of the Commission, mailers, and the public taken into account early enough in the research process to allow that research to reflect the insights and concerns of the postal community as a whole.

To further that goal, the Commission issued Order No. 1626, on January 18, 2013. It addressed study areas where it is agreed that further research is needed, and identified those areas that should be made near-term, medium-term, and long-term priorities. Order No. 1626 reflects a general consensus that has been formed with the

aid of written comments and the exchange of ideas during several technical conferences.

Order No. 1626 asked the Postal Service to submit a report describing the stage of research that it is pursuing in four areas: (1) the volume variability of City Delivery Carrier Street Time; (2) the behavior of Purchased Highway Transportation costs; (3) the behavior of Postmaster costs; and (4) the costs of Window Service Time associated with certain small-volume products. The Postal Service provided the requested report on April 18, 2013.<sup>1</sup>

The Commission believes that it would be beneficial if the Postal Service were to provide the postal community with an update on, and an opportunity to discuss, the progress that it has made in these four research areas since its April Report was filed. Accordingly, it will host a public briefing by a panel of Postal Service technical experts on its ongoing cost research in the Commission's hearing room on August 7, 2013, at 9:30 a.m. As in previous public briefings in this docket, it will be in the form of an informal technical conference. After the Postal Service describes the stage of its research in each area, the public will have an opportunity to ask questions and offer comments. Below, the Commission describes specific aspects of the Postal Service's research that it requests the Postal Service to include in its briefing.

City Delivery Carrier Street Time. The Postal Service's April Report offers reasons for concluding that it is likely that the established model of the volume variability of city delivery carrier street time costs can be successfully updated using Delivery Operations Information System (DOIS) volume and time data, augmented by allied street time data taken from recent Form 3999 route evaluations. The April Report describes the need to supplement DOIS and Form 3999 data with data on the volume of collected mail to be obtained from a special field study that was scheduled for this spring. At the technical conference, the Commission requests that the Postal Service describe the methodology followed by this special collection time study, any problems

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<sup>1</sup> Postal Service Report Regarding Cost Studies: Response to PRC Order No. 1626, April 18, 2013 (April Report).

that arose during the implementation study, the statistical quality of the data collected, and the preliminary results of any modeling research.

The April Report also describes the need to conduct a special field study to collect volume and time data as inputs to a model of the volume variability of the delivery costs of large parcels and accountables. The April Report notes that such a study was then in the planning stages. The Commission requests that the Postal Service describe the methodology that it plans to follow in collecting these data, the time frame during which the special study will be conducted, and the modeling approach that it anticipates applying to the data collected.

Purchased Highway Transportation. The Postal Service's April Report states that the Transportation Contract Support System (TCSS) contains data on annual costs, truck capacities, frequencies, and miles by contract segment. These are the same variables that were formerly available in the Highway Contract Support database used in the established variability model. The April Report says that the Postal Service then expected to begin the research required for updating the various cost elasticities with respect to truck capacity in May of this year, and to complete the update by the end of calendar year 2013. The Commission requests that the Postal Service describe any additional progress that it has made updating these elasticities.

Postmaster Costs. The established model of the variability of postmaster costs estimates the response of postmaster salaries to variations in Workload Service Credits (WSCs). The Postal Service's April Report says that to update the established model, it will need fresh sources of data for Executive and Administrative Schedule (EAS) pay levels and WSCs. It notes that "it appears as if the necessary data exists." The Commission requests that the Postal Service report on any additional progress that it has made in obtaining the needed data.

Window Service Time. The Postal Service's April Report describes several different approaches that it has investigated for estimating the attributable window service costs of small-volume retail services newly designated as individual products. For example, the report describes a three-step approach that constructs a cost pool

using In-Office Cost System data, transaction time proportions based on data from Point-of-Service (POS) ONE, and the development of an appropriate distribution key that reflects both POS ONE time proportions and relevant non-POS ONE time proportions. The April Report, at 34, says that while this approach has conceptual merit, the Postal Service was then “currently exploring other sources that may be useful” in identifying “reliable standard times that could be used as weights in the calculation.” The Commission requests that the Postal Service report on any progress that it has made in finding other suitable sources of data to construct the needed weights.

*It is ordered:*

A technical conference as described above will be held in the Commission’s hearing room on August 7, 2013, at 9:30 a.m.

By the Commission.

Shoshana M. Grove  
Secretary